

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007



Company Registration Number : 1119344

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

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THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

T Spallino	Retired	21 February 2008
P Berkhahn		
C Jolliffe	Retired	10 December 2008
Matthew B. Robertson	Appointed	21 February 2008
Gregory W. Reeves	Appointed	10 December 2008

COMPANY NUMBER

1119344 (England and Wales)

REGISTERED OFFICE

751 Warwick Road
Solihull
West Midlands B91 3DQ

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

BANKERS

HSBC
34 Poplar Road
Solihull
B91 3AF

Bank of America
26, Elmfield Road
Bromley
Kent
BR1 1WA

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

DIRECTORS' REPORT
for the year ended 31 December 2007

The directors submit their report and the financial statements of The Church of Jesus Christ of Latter-day Saints (European Distribution) Limited for the year ended 31 December 2007.

LEGAL AND ADMINISTRATIVE INFORMATION

The Church of Jesus Christ of Latter-Day Saints (European Distribution) Limited is a private limited company.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company during 2007 were the retailing of clothing, CD's, curriculum and magazines, operating cafeterias, provision of accommodation for patrons and other activities on behalf of The Church of Jesus Christ of Latter-day Saints in the United Kingdom and Ireland from locations in the United Kingdom. There are no EDL centres in Ireland.

The company also operates in Germany, Denmark and Sweden whose activities are the same as the UK Head Office serving customers in mainland Europe.

The UK branch finished the year in a loss-making position. This was primarily due to a large increase in the amount of grant expense incurred.

The Germany branch performed well during the year and finished the year in a profitable position.

The Sweden and Denmark branches finished the year in a loss-making position. This was primarily due to a large reduction in the level of grant income received and the effects of a decline in the world economy.

KEY PERFORMANCE INDICATORS

The key performance indicators and the corresponding results are illustrated in the following table:

Key Performance Indicator	2007	2006	Reasons
Growth in sales	7.4%	11%	Inflationary effects on costs and reduced demand
Return on sales	(20.7%)	12.3%	Grant income substantially reduced
Increase/ decrease in Cash Flow	£3,554,767	£247,235	Share capital issue
Gross (Loss)/Profit as a % of Turnover	(25%)	28.5%	Inflationary effects on costs

RESULTS

The loss of the company for the year was £1,373,530 (2006:profit of £738,608).

The directors do not recommend the payment of a dividend (2006:£nil), which leaves an accumulated deficit of £10,897,014 (2006: £9,523,484) to be carried forward .

Assurances of continued financial support have been received from the Corporation of the Presiding Bishop.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

DIRECTORS' REPORT
for the year ended 31 December 2007 (continued)

FUTURE DEVELOPMENTS

The activities of the business are expected to remain the same over the coming year with increased emphasis on budgetary control and maintaining turnover at levels that cover it's costs.

DIRECTORS

The directors who served during the year and upto the date of signing the financial statements were:-

P Berkhahn		
T Spallino	Resigned	Thursday, February 21, 2008
C Jolliffe	Resigned	Wednesday, December 10, 2008
Matthew B. Robertson	Appointed	Thursday, February 21, 2008
Gregory W. Reeves	Appointed	Wednesday, December 10, 2008

DIRECTORS' INTERESTS IN SHARES

None of the directors had, at any time during the year, a beneficial interest in the share capital of the company.

HUMAN RESOURCES

The company has the policy of ensuring that it's employees are those that are able to meet the necessary requirements of their position and are up to date on any developments required for their position. This is achieved in a variety of ways:

Applications for new positions in the company are invited from anyone with the relevant qualifications - the key emphasis is on their ability to meet the requirements of the position although the application form does request the applicant to mention if they have any illnesses or medical condition which the employer would need to be aware of in order to make reasonable adjustments should they be successful.

The company utilises regular staff meetings during the year which help to ensure that the employees' input is received regarding any decisions which affect their interests. In addition there are websites and e-mail facilities available to enable more effective communication and training. This helps to ensure that employees receive systematic updates on matters concerning them as employees and ensures their involvement in relation to the financial and economic factors that affect the performance of the company.

In addition, the company is mindful of the need to cater for those with disabilities. Where any employees become incapacitated during their employment they are entitled to receive long term disability benefits from the company. Where an employee becomes disabled but not incapacitated, the employer will make any reasonable adjustments necessary. On training and career development issues, there is no distinction made between disabled and non-disabled employees. The same opportunities are available to all staff, irrespective of disability. The key emphasis is on technical ability of each employee.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2007 (continued)

FINANCIAL RISK MANAGEMENT

The following statements summarise the company's policy in managing identified forms of financial risk:

Price risk

The company negotiates grants awarded to finance the company's activities and incorporates this information into its business plans. Salary costs are communicated to staff during the formal annual review of salaries. Prices of materials purchased are subject to contracts with suppliers, based on current market prices.

Credit risk

Credit risk on amounts owed to the company by its customers is low, as the customers are almost entirely church members.

Liquidity risk

The company has no long term borrowings. The parent company has confirmed their financial support to the extent and as long as there exist a deficiency of shareholders' funds.

Interest rate cash flow risk

The company is able to place surplus funds on short term deposit account with the company's bankers as required.

In addition the trustees have a risk management strategy which comprises:

- * an annual review of the risks the company may face;
- * the establishment of systems and procedures to mitigate those risks identified in the plan;
- * the implementation of procedures designed to minimise any potential impact on the company should those risks materialise.

The primary risk the company faces is the fact that sales are primarily to members of the Church but the parent company has confirmed its future financial support as and when needed.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2007 (continued)

STATEMENT ON DISCLOSURE OF INFORMATION TO THE AUDITORS


So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware.

Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The Company has elected, in accordance with section 386 of the Companies Act UK 1985, to dispense with the obligation to appoint auditors annually.

By order of the board


Gregory W. Reeves
Director

Date:

7 April 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (EUROPEAN DISTRIBUTION) LIMITED

We have audited the financial statements of The Church of Jesus Christ of Latter-day Saints (European Distribution) Limited which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Accounting Policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises the Directors' Report and the Directors and Officers page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

AUDITORS' REPORT TO THE MEMBERS OF THE CHURCH OF JESUS CHRIST
(EUROPEAN DISTRIBUTION) LIMITED (continued)

Opinion

In our opinion:

- * the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2007 and of its loss and cash flows for the year then ended;
- * the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- * the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
East Midlands
Date: 7/4/09

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED
PROFIT AND LOSS ACCOUNT
for the year ended 31st December 2007

	Notes	2007 £	2007 £	2006 £	2006 £
TURNOVER	1		6,864,879		6,393,722
Cost of sales			<u>(5,139,625)</u>		<u>(4,574,176)</u>
GROSS PROFIT			1,725,254		1,819,546
Operating expenses	2		<u>(2,745,965)</u>		<u>(2,228,435)</u>
OPERATING LOSS			(1,020,711)		(408,889)
Net grant (expense)/income		(405,381)		1,022,755	
Interest receivable and similar income		<u>2,562</u>		<u>174,742</u>	
			<u>(402,819)</u>		<u>1,197,497</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3		(1,423,530)		788,608
Tax credit/(charge) on (loss)/profit on ordinary activities	6		50,000		(50,000)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR			<u>(1,373,530)</u>		<u>738,608</u>

The (loss)/profit for the years arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

The notes on pages 10 to 18 form part of these financial statements.


There is no material difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the years stated above and their historical cost equivalents.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

BALANCE SHEET
as at 31st December 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Tangible assets	7	<u>282,590</u>	<u>328,006</u>
CURRENT ASSETS			
Stock	8	2,143,224	2,482,286
Debtors	9	398,024	514,162
Cash at bank and in hand	15	<u>4,178,092</u>	<u>623,325</u>
		6,719,340	3,619,773
CREDITORS			
Amounts falling due within one year	10	<u>(1,898,944)</u>	<u>(498,654)</u>
NET CURRENT ASSETS		<u>4,820,396</u>	<u>3,121,119</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,102,986</u>	<u>3,449,125</u>
NET ASSETS		<u>5,102,986</u>	<u>3,449,125</u>
CAPITAL AND RESERVES			
Called up share capital	11	16,000,000	12,972,609
Profit and loss account	12	<u>(10,897,014)</u>	<u>(9,523,484)</u>
TOTAL SHAREHOLDERS' FUNDS	13	<u>5,102,986</u>	<u>3,449,125</u>

The financial statements on pages 7 to 18 were approved by the board on 26 October 2008 and signed on their behalf by:


Gregory W. Reeves - Director
Date: 7 April 2009

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

CASH FLOW STATEMENT

for the year ended 31 December 2007

	2007 £	2006 £
Reconciliation of operating deficit to net cash outflow from operating activities		
Operating loss	(1,020,711)	(408,889)
Depreciation	64,482	64,811
Profit on disposal of fixed assets	-	(3,807)
Decrease in stock	339,062	331,800
Decrease/(increase) in debtors	116,138	(345,994)
Increase/(decrease) in creditors	1,400,290	(3,473,573)
Grant expense	(405,381)	-
Net cash inflow/(outflow) from operating activities	<u>493,880</u>	<u>(3,835,652)</u>
	2007 £	2006 £
Net cash inflow/(outflow) from operating activities	493,880	(3,835,652)
Taxation	50,000	(50,000)
Capital expenditure:		
Purchase of tangible fixed assets	(19,066)	(41,026)
Sale of tangible fixed assets	-	3,807
Financing:		
Share capital issue	3,027,391	2,972,609
Interest revenue	2,562	174,742
Grant income	-	1,022,755
Increase in cash	<u>3,554,767</u>	<u>247,235</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Notes	2007 £	2006 £
Increase in cash in the year		3,554,767	247,235
Net funds at 1 January		<u>623,325</u>	<u>376,090</u>
Net funds at 31 December	15	<u>4,178,092</u>	<u>623,325</u>

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

ACCOUNTING POLICIES

for the year ended 31 December 2007

BASIS OF ACCOUNTING

The financial statements are prepared in compliance with applicable Financial Reporting Standards in the United Kingdom and under historical cost convention. The following accounting policies have been applied consistently in dealing with items which we considered material in relation to the company's financial statements.

GOING CONCERN

The ultimate parent company has undertaken to continue its financial support of the company to the extent of, and as long as there exists a deficiency of shareholders' funds, and for at least the next twelve months from the approval of the financial statements.

CONSOLIDATION OF GERMAN, SWEDISH AND DANISH BRANCH

For the purpose of reporting in these financial statements, the profit and loss accounts, cash flows and balance sheets of the German, Swedish & Danish branches have been consolidated with those of the Head office operations which cover the UK and Ireland.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are shown at original purchase cost less accumulated depreciation.

Individual fixed assets costing £5,000 or more are capitalised at cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Motor Vehicles	25%
Plant and Equipment	10%
Furnishings	10%

GRANT INCOME/EXPENSE

Grant income/expense arises entirely from the forgiveness of intercompany balances to and from the parent company.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

ACCOUNTING POLICIES

for the year ended 31 December 2007 (continued)

OPERATING LEASES

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

FOREIGN CURRENCY TRANSLATIONS

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and non monetary assets and liabilities at historical rates. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account in the year in which they arise.

PENSION CONTRIBUTIONS

The Head office is a member of a multi-employer Deseret UK Benefit Plan that is of a defined benefit type and retirement benefits are payable through a separately funded UK pension scheme. The company has followed the requirements of FRS 17, Retirement Benefits and as the company is unable to identify its share of the underlying assets and liabilities of the scheme it is accounted for as a defined contribution scheme. Full details of the plan are provided in the financial statements of The Church of Jesus Christ of Latter-day Saints (Great Britain).

The Company participates in a multi employer defined benefit scheme for its German branch which was acquired on 1 January 2003. The company is unable to identify its share of the German scheme's assets and liabilities and has followed the requirements of FRS 17, Retirement Benefits. The company is responsible for pensionable commitments from the acquisition date and contributions to the pension scheme are charged to the profit and loss account in the year in which they are payable. Prior pension-able commitments remain with Kirche Jesu Christi der Heiligen der Letzten Tage, an Association established under German law who are obliged to fund any resulting deficiency. Accordingly the scheme is accounted for as a defined contribution scheme.

The Company participates in a defined contribution scheme for its Swedish branch. The Company has accounted for pensionable commitments from the acquisition date and contributions to the pension scheme are charged to the profit and loss account in the year in which they are payable.

None of the employees in the Danish Branch are members of a company pension scheme.

STOCKS

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

DEFERRED TAXATION

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date. Deferred tax assets are only recognised when it is considered more likely than not that there will be suitable taxable profits from which the future reversal of any underlying timing differences can be deducted. Timing differences arise between the company's taxable profit and its results as stated in the financial statements. Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax is measured on an undiscounted basis.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

1 TURNOVER

	2007 £	2006 £
Analysed by geographic area		
United Kingdom and Republic of Ireland	1,531,570	1,743,077
Germany	5,162,809	4,432,476
Sweden	128,658	182,365
Denmark	41,842	35,804
	<u>6,864,879</u>	<u>6,393,722</u>

Turnover comprises sales of religious, educational and administrative materials.

2 OPERATING EXPENSES

	2007 £	2006 £
Distribution costs	1,181,223	887,865
Administration expenses	<u>1,564,742</u>	<u>1,340,570</u>
	<u>2,745,965</u>	<u>2,228,435</u>

3 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE
TAXATION

	2007 £	2006 £
This is stated after charging/(crediting):		
Auditors' remuneration - audit services	36,213	36,203
Depreciation on owned assets	64,482	64,815
Profit on sale of fixed assets	-	(3,807)
Operating lease - other than plant and machinery	240,487	241,068
Exchange gain	<u>(26,929)</u>	<u>(471,215)</u>

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007 (continued)

4 STAFF COSTS

Staff costs, including directors' remuneration, were as follows:-

	2007 £	2006 £
Wages and salaries	1,189,724	1,181,201
Social security costs	170,112	216,938
Pension & other benefits	243,486	161,056
	<u>1,603,322</u>	<u>1,559,195</u>

The average monthly number of employees, including directors, during the year was as follows:

	2007 No.	2006 No.
Office and management	26	26
Other	34	32
	<u>60</u>	<u>58</u>

5 DIRECTORS' REMUNERATION

	2007 £	2006 £
Emoluments	<u>-</u>	<u>-</u>
Contributions paid by the company to its pension schemes in respect of directors	<u>-</u>	<u>-</u>

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007 (continued)

6 TAX (CREDIT)/CHARGE ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2007 £	2006 £
a) Analysis of (credit) / charge in period:		
Current tax:		
UK corporation tax on profits of the period	(45,567)	45,567
Double tax relief	45,567	(45,567)
Adjustments in respect of previous periods	-	-
Overseas tax	<u>(50,000)</u>	<u>50,000</u>
Total current tax	(50,000)	50,000
Deferred tax:	<u>-</u>	<u>-</u>
Total tax	<u>(50,000)</u>	<u>50,000</u>

The company has an unrecognised deferred tax asset arising in connection with losses and other timing differences of £3,097,782 (2006: £2,937,131). No deferred tax asset has been recognised in respect of the losses due to the uncertainty over the availability of suitable taxable profits in future periods.

b) Factors affecting the tax charge for the year:

The tax assessed for the year is higher (2006: lower) than the standard rate of corporation tax in the UK (30%).

	2007 £	2006 £
(Loss)/profit on ordinary activities	<u>(1,423,530)</u>	<u>788,608</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 30% (2006: 30%)	(427,059)	236,582
Effect of:		
Expenses not deductible for tax purposes	-	600
Double tax relief	(4,433)	4,433
Accelerated capital allowances/other timing differences	<u>381,492</u>	<u>(191,615)</u>
	<u>(50,000)</u>	<u>50,000</u>
Tax (credit)/charge		

The standard rate of UK Corporation Tax changed from 30% to 28% with effect from 1 April 2008.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007 (continued)

7 TANGIBLE ASSETS

	Fixtures & Fittings £	Plant & Machinery £	Total £
Cost:			
1 January 2007	64,422	558,758	623,180
Additions	-	19,066	19,066
	<u>64,422</u>	<u>577,824</u>	<u>642,246</u>
31 December 2007			
Depreciation			
1 January 2007	49,708	245,466	295,174
Charge for the year	3,689	60,793	64,482
	<u>53,397</u>	<u>306,259</u>	<u>359,656</u>
31 December 2007			
Net book value:			
31 December 2007	<u>11,025</u>	<u>271,565</u>	<u>282,590</u>
31 December 2006	<u>14,714</u>	<u>313,292</u>	<u>328,006</u>

8 STOCK

	2007 £	2006 £
Finished goods and goods for resale	<u>2,143,224</u>	<u>2,482,286</u>

9 DEBTORS

	2007 £	2006 £
Trade debtors	105,480	106,555
Other debtors	<u>292,544</u>	<u>407,607</u>
	<u>398,024</u>	<u>514,162</u>

10 CREDITORS: Amounts falling due within one year

	2007 £	2006 £
Overseas tax	-	50,000
Social security and other taxes	71,257	72,719
Accruals and deferred income	416,977	375,935
Parent company loan	<u>1,410,710</u>	<u>-</u>
	<u>1,898,944</u>	<u>498,654</u>

The parent company loan from The Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints is subordinated to the claims of all other creditors. The loan is interest free, unsecured and there are no repayment terms.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007 (continued)

11 CALLED UP SHARE CAPITAL	2007 £	2006 £
Authorised: 25,000,000 ordinary shares of £1 each	<u>25,000,000</u>	<u>25,000,000</u>
Allotted & issued 16,000,000 ordinary shares of £1 each	<u>16,000,000</u>	<u>16,000,000</u>
Fully paid up 16,000,000 ordinary shares £1	<u>16,000,000</u>	<u>12,972,609</u>

During the year the company received consideration of £3,072,391 from the parent company, The Corporation of the Presiding Bishop of the Church of Jesus Christ of Latter-day Saints for the unpaid amount of ordinary shares allotted and issued in 2006.

12 PROFIT AND LOSS ACCOUNT	2007 £	2006 £
Balance at 1 January	(9,523,484)	(10,262,092)
(Loss)/profit for the financial year	<u>(1,373,530)</u>	<u>738,608</u>
Balance at 31 December	<u>(10,897,014)</u>	<u>(9,523,484)</u>

13 RECONCILIATION OF MOVEMENT IN TOTAL SHAREHOLDERS' FUNDS	2007 £	2006 £
Opening total shareholders' funds	3,449,125	(262,092)
Issue of share capital	<u>3,027,391</u>	<u>2,972,609</u>
	6,476,516	2,710,517
(Loss)/Profit for the financial year	<u>(1,373,530)</u>	<u>738,608</u>
Closing total shareholders' funds	<u>5,102,986</u>	<u>3,449,125</u>

Shareholders' funds relate entirely to equity interests.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007 (continued)

14 ULTIMATE HOLDING COMPANY

The company is wholly owned by The Corporation of The Presiding Bishop of The Church of Jesus Christ of Latter-Day Saints (CPB), incorporated in the state of Utah, United States of America. This is the ultimate parent company and the parent company of the largest and smallest group in which the accounts are consolidated.

CPB have confirmed their continued financial support to the extent and as long as there exists a deficiency of shareholders' funds.

15 NOTES TO THE CASH FLOW STATEMENT

Analysis of changes in net funds

	At 1 January 2007 £	Cash flow £	Non cash movement £	At 31 December 2007 £
Cash at bank and in hand	623,325	3,554,767	-	4,178,092

16 RELATED PARTY TRANSACTIONS

During the year, the company purchased religious, educational and administrative materials totalling £1,042,628 (2006: £1,433,835) from The Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints.

Included in turnover are sales totalling £307,000 (2006: £410,745) to The Church of Jesus Christ of Latter-day Saints (Great Britain), a fellow subsidiary undertaking.

Included in turnover are sales totalling £280,895 (2006: £1,349,609) to the Kirche Jesu Christi der Heiligen der Letzten Tage, Körperschaft (German Church).

Included in turnover are sales totalling £82,338 (2006: £115,887) to the Jesu Kristi Kyrka av Sista Dagars Heliga (Sweden Church).

Included in turnover are sales totalling £52,640 (2006: £76,429) to the Jesu Kristi Kirke af Sidste Dages Hellige i Denmark (Denmark Church).

The company undertakes its principal activities from the temples in London, Preston, Friedrichsdorf, Freiberg, Copenhagen and Stockholm and the distribution warehouses in Birmingham and Bad Homburg. The London Temple and the Distribution warehouse are owned by The Church of Jesus Christ of Latter-day saints (Great Britain) a fellow subsidiary undertaking, and no rent is charged by it to the company.

The Preston Temple is owned by The Church of Jesus Christ of Latter-day Saints (Welfare) Limited, a fellow subsidiary undertaking and a charge of £10,000 per annum is charged for the rental of the commercial space occupied at this site.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007 (continued)

17 PENSION AND OTHER POST EMPLOYMENT COMMITMENTS

The Head office participates in a pension scheme operated by the Church of Jesus Christ of Latter-day Saints (Great Britain), the Deseret UK Benefit Plans ("the Plan"). The schemes are of the defined benefit type and are funded by contributions from the participating companies and their employees at rates determined by independent actuaries in the light of regular valuations. Such contributions are held in trustee-administered funds completely independent of group finances. Full disclosure of the valuation is shown in the accounts of The Church of Jesus Christ of Latter-day Saints (Great Britain).

The company has accounted for the schemes as if they were defined contribution schemes because it is not feasible to split the assets and liabilities of the scheme between all the companies whose employees are members. Contributions to the scheme for 2007 were £91,334 (2006: £62,093).

The Company also participates in another defined benefit scheme for its German branch. The company is unable to identify its share of the German scheme's assets and liabilities. The Company is responsible for pensionable commitments from the acquisition date and contributions to the pension scheme are charged to the profit and loss account in the year in which they are payable. Prior pensionable commitments remain with Kirche Jesu Christi der Heiligen der Letzten Tage, an Association established under German law who are obliged to fund any resulting deficiency. The company is not legally responsible for the past pensionable commitments.

The charge for German Branch pension costs in 2007 was £142,769 (2006: £89,336).

The Company participates in a defined contribution scheme for its Swedish branch. The charge for Swedish Branch pension costs in 2007 was £1,743 (2006: £2,145). None of the employees in the Danish Branch are members of a company pension scheme.

18 FINANCIAL COMMITMENTS

At 31 December, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2007	2006
	£	£
Operating lease expiring after 5 years	<u>240,487</u>	<u>241,068</u>

19 POST BALANCE SHEET EVENTS

On 31 December 2008, the operations of the Sweden and Denmark branches were transferred to the legal entities of The Church of Jesus Christ of Latter-day Saints in Sweden and Denmark respectively.

At the date of transfer of operations, the combined turnover of the two branches was £289,626 with combined net assets of £133,536.